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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 002025

SIPDIS

STATE PLEASE PASS AIT/W AND USTR  
STATE FOR EAP/RSP/TC, EAP/EP, EB/IFD/OIA AND NP/ECC/MCCCELLAN  
STATE FOR INR/EC NKWG  
USTR FOR SCOTT KI

E.O. 12958: DECL: 04/25/2025

TAGS: [ETTC](#) [PARM](#) [PINR](#) [PREL](#) [PTER](#) [TW](#)

SUBJECT: TAIWAN PROPOSAL ON EXPORT CONTROL PROCEDURES

REF: A. TAIPEI 1909

[1](#)B. EAP/TC TO AIT/T OVERNIGHT OF APRIL 28

Classified By: AIT ECONOMIC CHIEF DANIEL MOORE, REASON 1.5 B/D

[1](#)1. (C) Summary: During a meeting with AIT on April 29, the Bureau of Foreign Trade (BOFT) presented an outline proposal for parameters of the new export control procedures and the "rapid evaluation mechanism" for end-user checks (ref A). BOFT said it would greatly increase the scope of its export license requirements once a robust mechanism for end-user checks is established. BOFT also spoke of its progress on preparing a report responding to UNSCR 1540 and indicated KMT Chairman Lien Chan may have discussed cross-Straits confidence building measures while in China. End summary.

[1](#)2. (C) AIT met with Ministry of Economic Affairs BOFT officials in their offices on April 29. In the meeting BOFT emphasized the importance of a "rapid evaluation mechanism" direct communications channel between itself and USDOC for the purpose of conducting end-user checks on exports of sensitive materials to sensitive areas. BOFT presented AIT with a written outline of its proposal for the parameters of the new procedures (a translation of the document has been sent separately to EAP/TC).

[1](#)3. (C) BOFT said that once a reliable communications channel is established, it would greatly expand the scope of its export license requirements, making export licenses necessary for a much larger number of exports. The first stage of expansion would be to require a license for all machine tool exports in Harmonized Tariff System (HTS) categories 8456 through 8466 bound for "sensitive" destinations, unless the end-user has been previously checked and no new information about the end-user is available. This expansion alone will cause the estimated volume of requests for USDOC end-user checks to jump from the current 2-3 per month to around 2 per day (Taiwan is now the world's fourth largest exporter of machine tools.)

Why China is Not on the Restricted List

[1](#)4. (C) The BOFT list of sensitive areas includes seven countries: Cuba, Libya, Iran, Iraq, North Korea, Syria, and Sudan, but does not include Mainland China.

[1](#)5. (C) Comment: The deletion of China from the list of sensitive areas is a new and surprising development. This is especially surprising since technology loss to China is currently a hot media and political topic in Taiwan. Apparently, this change reflects the realization among Taiwan officials that the rationale for restrictions on trade with and investment in China is to protect Taiwan trade secrets and commercial advantages rather than preventing weapons proliferation. This was one of the observations highlighted by the EXBS trainers during their presentations on export control laws and regulations in March 2005. Exports to China will still be restricted through mechanisms like the pending technology protection law, which focuses on high tech investment in China, and the Cross-strait Relations Act which contains a list of items related to silicon wafer production that are banned from export to China. End comment.

Keep it Simple

[1](#)6. (C) Based on the advice received in the April 28 overnight (ref B), we told BOFT that its plan to submit Chinese language product catalogues, schematic drawing, photos, and specification tables for each export that it wanted a U.S. opinion on was not workable. We suggested that BOFT limit its submissions to USDOC related to end-user checks to English language information that can be transmitted in "cable format." BOFT proposed a maximum waiting time of two weeks for a U.S. response. BOFT agreed that the "rapid evaluation mechanism" would not work unless it was simple, robust, and speedy.

UNSCR 1540

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17. BOFT also said it had made considerable progress on Taiwan's UNSCR 1540 report. (Note: While Taiwan is not a UN member, the USG encourages Taiwan to abide by UN resolutions whenever possible, and AIT demarched Taiwan in late 2004 to prepare a UNSCR 1540 report. End note.) Taiwan committed to deliver its report by May 20, 2005. BOFT noted that the report was difficult to prepare because of the complexity of the issues and number of government agencies involved, but it was trying its best to meet the May 20 deadline.

Lien Chan's China Talks Cover CBM  
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18. BOFT indicated that some of Lien Chan's staff accompanying him to China had been briefed on &Confidence Building Measures8 (CBM) as presented in the recent course offered by Sandia Labs in New Mexico earlier this year for Taiwan officials. BOFT believed that CBM would be a major topic of the KMT discussions in China.

PAAL